

Buying your first home? Start with a budget

With the right budgeting game plan, you can take steps toward homeownership.

Budgeting for homeownership



Experts recommend keeping your housing expenses under 30% of your gross monthly income (including mortgage, taxes, and insurance).

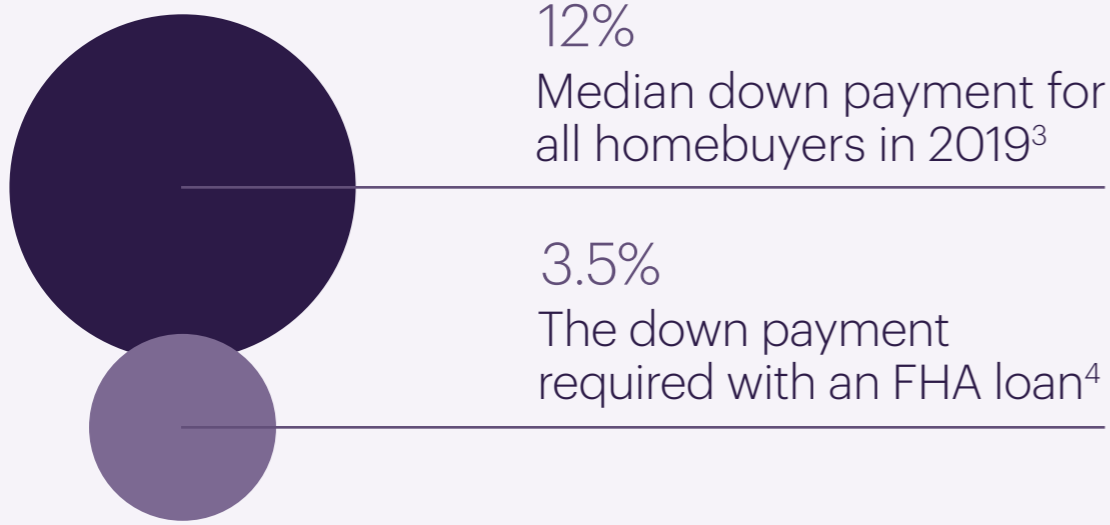


The average American spends about 33% of their take-home pay on housing costs.¹

Budgeting for a down payment

1 in 4

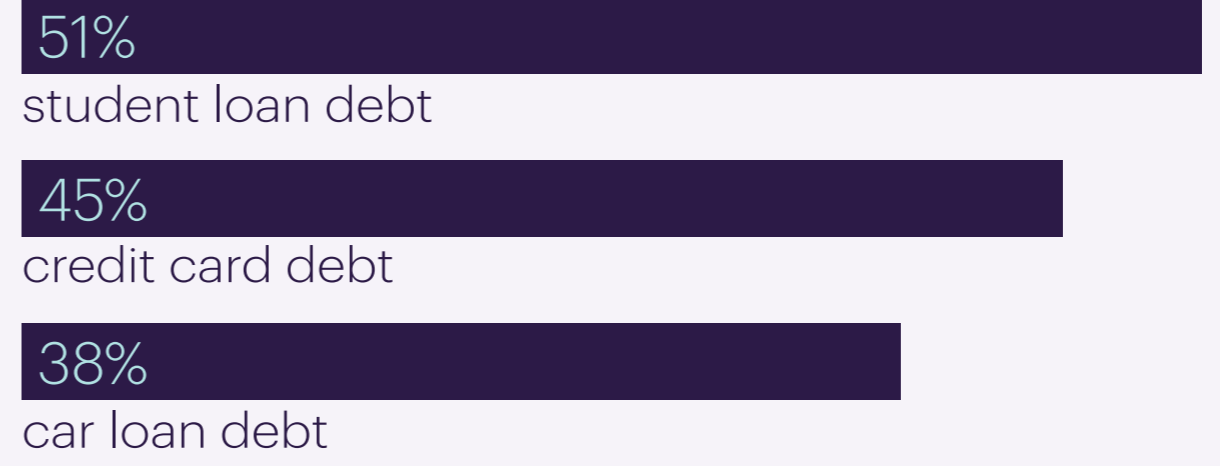
Homebuyers under 40 who said saving for a down payment was the most difficult task in the homebuying process²



4 years

Median delay for the average buyer saving for a down payment

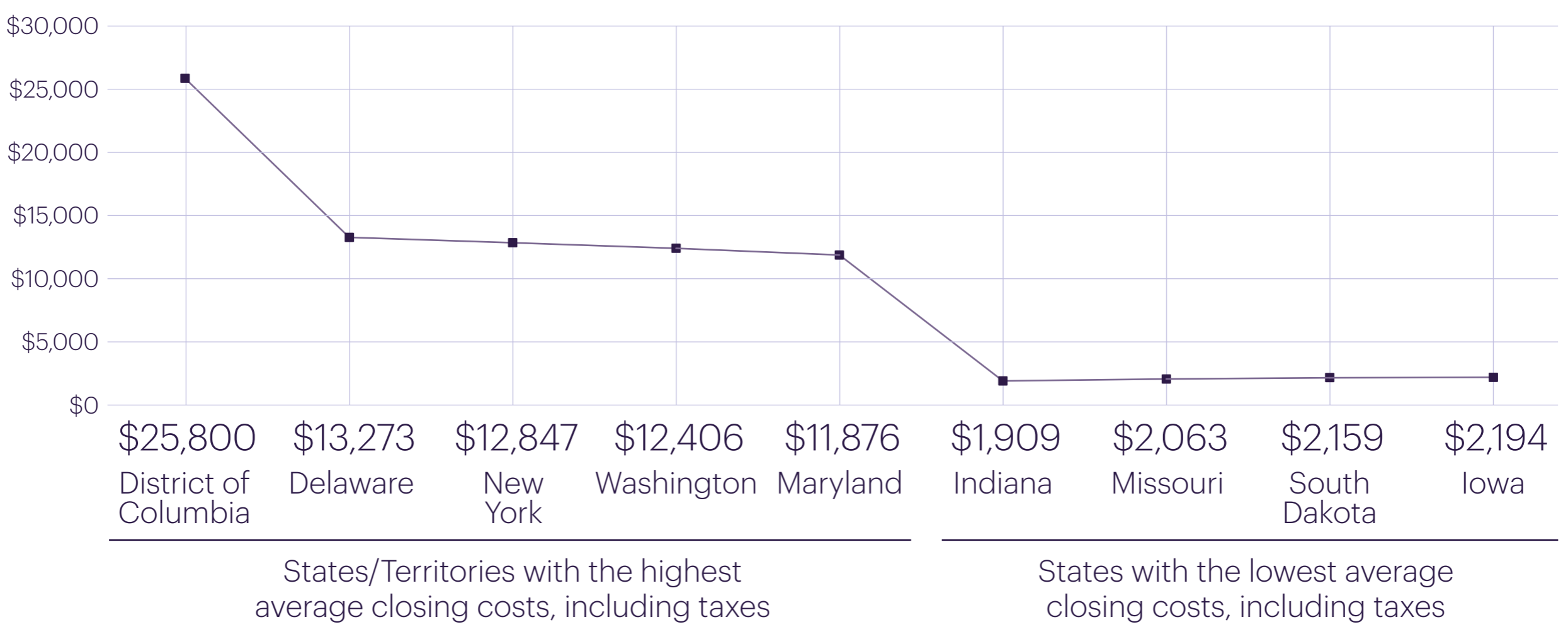
The top three obstacles to saving:²



Budgeting for closing costs⁵

\$5,749

Average national closing cost for a single-family property, including taxes



Setting up for homebuying success

Three simple money-management steps can help keep your home buying plans on track.

Step 1

Reduce debt and save

- Stay current on your debt payments and pay down debts where you can. This may improve your credit score.
- Set up a recurring transfer for every pay period to make saving for a home easier.

Step 2

Determine your spending limit

- Calculate 30% of your gross monthly household income to help determine how much you can afford to spend on housing expenses.
- Get preapproved for a home loan, if possible, and research mortgage rates.

Step 3

Plan for additional costs⁶

- Ask your real estate agent for projected utility costs for homes in your price range.
- Budget 1% to 2% of your home's value each year for repairs and maintenance.
- Add closing costs into your budget—an average of 2% to 5% of your home's purchase price.
- Consider other housing expenses such as homeowners insurance, association fees, and property taxes. Private mortgage insurance may be required if your down payment is less than 20% of your home's cost.

Buying a home is an exciting milestone that starts with creating a budget that fits your lifestyle. Be in control of your budget from the start so you can conquer the homebuying process with confidence.

Get help with your homebuying budget

Speak to a loan officer today to find out how much home you can afford.



¹ "A Look at the Average American Budget - and How the Average American Can Start Saving More," Aug. 24, 2020, The Simple Dollar
² "Home Buyer and Seller Generational Trends Report," March 2020, National Association of Realtors
³ "2020 Downpayment Expectations & Hurdles to Homeownership," April 2020, National Association of Realtors
⁴ "Federal Housing Administration Loan," Oct. 26, 2020, Investopedia
⁵ "ClosingCorp Reports Average Mortgage Closing Cost Data for 2019," April 1, 2020, ClosingCorp
⁶ "5 Expenses That Shock First-Time Homebuyers," Feb. 8, 2021, The Balance